



UTILITY & ENVIRONMENTAL COMMITTEE MEETING MINUTES

April 11, 2013

Members Present:

Trustee Jeff Hicks, Treasurer Howard Pizzo, and Trustee R. Douglas Kosinski

Members Absent:

N/A

Staff Members Present:

Township Manager Richard Watkins, Deputy Township Manager Jen Roberts, and Finance Director Jeff Anderson

1. Call to Order:

Meeting was called to order by Jeff Hicks at 4:44 p.m.

2. Public Comment:

N/A

3. Set/Adjust Agenda:

N/A

4. Utility Rate Increase:

Jeff Anderson provided the committee with a utility rate increase proposal, then provided an overview as follows:

Delta Township's Position with regard to the Sewer Fund as of the end of 2012

- Township Reserves are adequate and cash neutral due to rate increases
- \$32,000 net cash decrease for 2012
- 2012's rate increase was effective

Sewer Fund Projections for 2013 - Based on the Budget

- Sales projections based on 2012 with an additional 2% rate increase, gives Delta Township \$15,950
- The Township is projected to be cash neutral again in 2013
- Gallons treated or cubic feet treated has flat lined now that the Industrial Park is up and running

- Homeowners bills are adjusted for Winter and Summer usage, so a high usage in the Summer won't raise the sewer bill in the Winter
- Delta Township is in healthy shape with close to \$9 million in the fund, which Jeff believes is adequate

Delta Township's Position with regard to the Water Fund as of the end of 2012

- There was not nearly as much depreciation
- 5% rate increase, \$17,000 cash increase
- Delta Township is now cash and revenue neutral
- Board of Water & Light has doubled their costs in the past 5 years

Water Fund Projections for 2013 - Based on the Budget

- Significant reduction in cash is projected at the end of 2013, due to the amount of debt we are proposing to pay off.
- In 2014, the Township will have over \$700,000 in debt payments that will not have to be made as a result of the bond payoffs. The Township will be purchasing new bonds at a lesser rate, which will need to be taken into consideration in 2014.

What the Affect of the Recommended Utility Rate Increase Would be to the Users

- Average resident currently pays \$18.25 for sewer, which would be raised to \$18.62 (2% increase)
- Average residential user rate (combined water & sewer) would raise by \$1.58 or just under \$19/year

Tom Morrissey indicated that the only two major expenditures scheduled for the next two years is the painting of the water tower at Snow Road in 2014, and the one on Millett in 2015, which will cost \$50-60,000 each and have been budgeted.

A discussion with regard to a future plant expansion, projected timeline of future expansions, satellite plant locations, costs, and GM plant water/sewer requirements ensued.

Richard Watkins provided additional financial information, which included:

1. Once the bonds are paid off, the Township will have an additional \$300,000.
2. The Township has been spending \$100,000+ a year on wireless meter reads which are now finished.
3. With these two changes the Township will start saving money, even with the increases from the Board of Water & Light.
4. Plans were to expand the plant last year, but with the downturn in the economy he felt it would be seven to eight years before an expansion occurred.

Tom Morrissey stated that the Townships water flow has gone down as the utility rates have gone up, and people have gotten more conservative.

Jeff Hicks asked Howard Pizzo and Doug Kosinski for their input. Doug Kosinski stated that he felt comfortable with the increases after seeing the figures and hearing Jeff Anderson's presentation.

Howard Pizzo made a suggestion for the Township to go to a 2.5% increase for sewer, and a 5% increase for water to put them both on a positive level. A discussion followed and all agreed to the 2.5% sewer increase, instead of the previously suggested 2% increase.

Jeff Hicks asked when the increase would become effective.

Jeff Anderson indicated that it would be on the July 1st bill, and change notifications will be sent out in the water bills ahead of time.

Jeff Hicks asked for a motion of recommendation for the 2.5% increase for sewer, and 5% increase for water, moved by Doug Kosinski and supported by Howard Pizzo. All were in favor, motion carried.

5. Other Business:

Jeff Anderson indicated that they are taking the bonds to the Board Monday night for early retirement.

6. Adjournment:

The meeting was adjourned at 5:11 p.m.